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**State of Illinois**  
**Department of Insurance**

# Workers' Compensation Insurance Oversight Report



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# Introduction

The Illinois Workers' Compensation Act [820 ILCS 305/29.2(a)] requires the Department of Insurance (the Department) to annually submit a written report detailing the state of the workers' compensation insurance market in Illinois to: the Governor, the Chairman of the Commission, the President of the Senate, the Speaker of the House of Representatives, the Minority Leader of the Senate, and the Minority Leader of the House of Representatives.

This report is based on calendar year 2019 data from the National Council on Compensation Insurance (NCCI) and the National Association of Insurance Commissioners (NAIC).

# Market Summary

## Countrywide Market Overview

Illinois insurance companies wrote over \$2.39 billion in workers' compensation insurance premium during 2019. Illinois ranked second with 346 insurance companies actively engaged in the market. Illinois ranked seventh in direct premium written with 4.25 percent of the countrywide market.

### Top 10 States by Company

(with Positive Direct Premium Written)

State	Number of Insurance Companies
Pennsylvania	351
Illinois	346
Georgia	343
Tennessee	343
Indiana	340
Virginia	330
North Carolina	322
Texas	315
South Carolina	313
Missouri	310

Source: NAIC

### Top 10 States by Premium

(with Positive Direct Premium Written)

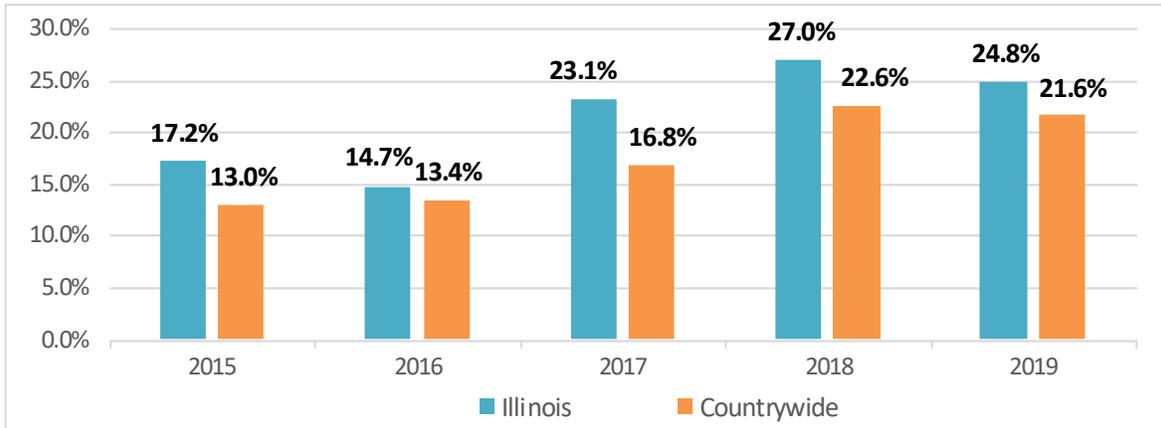
State	Direct Written Premium	Market Share
California	\$11,438,357,763	20.34%
New York	\$5,628,189,915	10.01%
Florida	\$3,119,416,193	5.55%
Pennsylvania	\$2,621,209,526	4.66%
Texas	\$2,525,931,618	4.49%
New Jersey	\$2,439,312,107	4.34%
Illinois	\$2,392,527,070	4.25%
Wisconsin	\$1,936,390,631	3.44%
Georgia	\$1,681,695,303	2.99%
North Carolina	\$1,396,552,216	2.48%
Countrywide Total*	\$56,242,568,490	

\* Includes Canada and US Territories

Source: NAIC

## Profitability

According to the NAIC, the workers' compensation market profits decreased nationally by 1 percentage point and profits within Illinois decreased by 2.2 percentage points from 2018 to 2019. Illinois ranked 18th countrywide based on profitability of workers' compensation insurers.

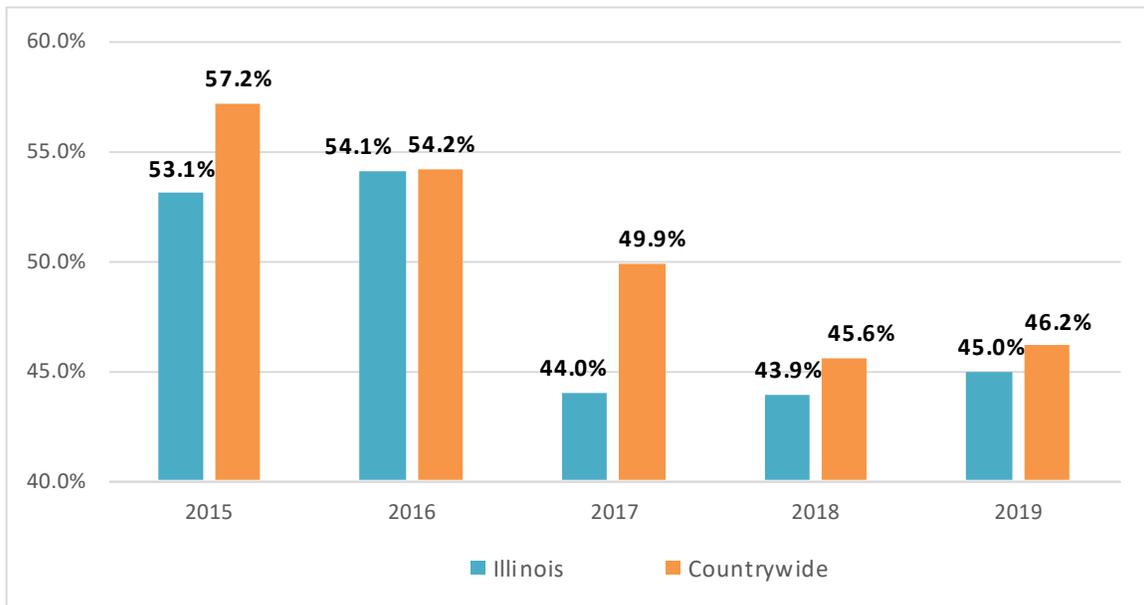


Source: NAIC Report on Profitability by Line by State in 2019

Ranking Excludes Guam , Puerto Rico, U.S. Virgin Islands, N. Mariana Islands, American Samoa

## Loss Ratio

Generally, NAIC data indicates the loss ratio for the workers' compensation market in Illinois and countrywide is trending downward. The loss ratio in Illinois has been below the national loss ratio for the past five years. Illinois ranked 33rd countrywide based on loss ratio of workers' compensation insurers. The loss ratios reflect incurred losses divided by direct earned premiums.

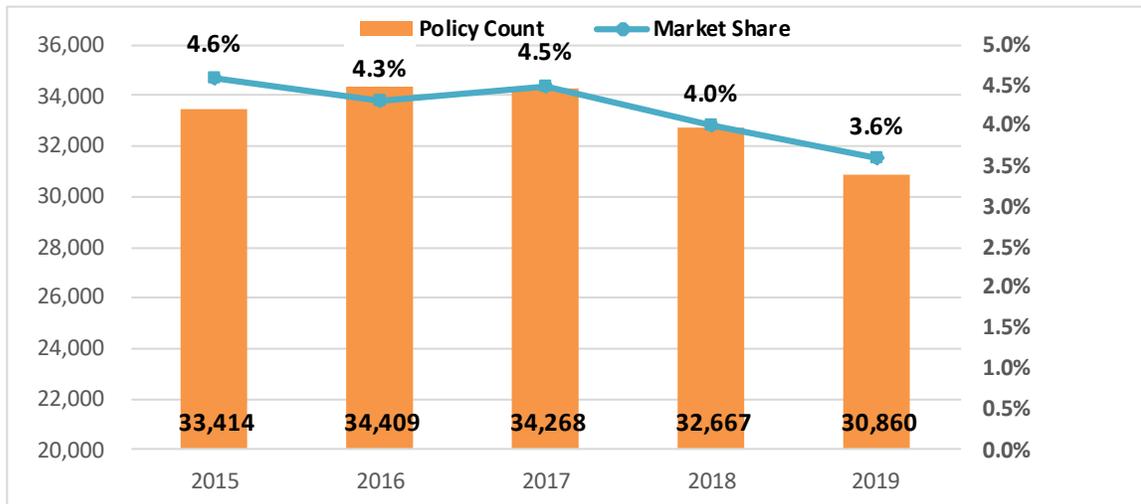


Source: NAIC Report on Profitability by Line by State in 2019

Ranking Excludes Guam , Puerto Rico, U.S. Virgin Islands, N. Mariana Islands, American Samoa

## Assigned Risk Market in Illinois

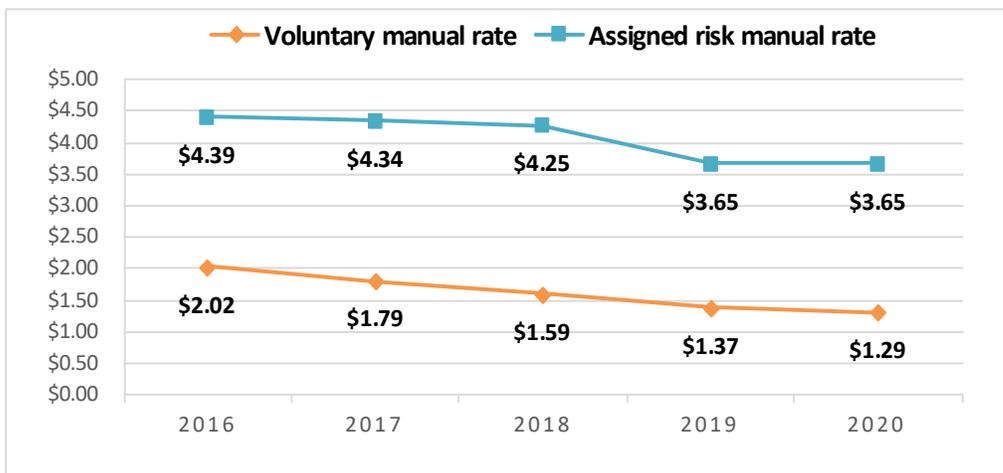
Employers that cannot obtain insurance through the voluntary insurance market may obtain coverage through the assigned risk market. According to NCCI, the total number of assigned risk plan policies effective in 2019 was 30,860. The preliminary assigned risk market share, defined as the percentage of assigned risk premium to total direct written premium, was 3.6 percent in calendar year 2019. Both the assigned risk policy count and market share decreased in 2019.



Source: NCCI

## Premium Rate for Workers' Compensation

The estimated average manual rate for policies effective in 2020 is \$1.29 for the voluntary market and \$3.65 for the assigned risk market. The voluntary manual rate continued to decrease, while the assigned risk manual rate remains unchanged. These estimates are calculated using a weighted average of NCCI rates effective in 2020, based on Illinois payroll. The latest available payroll weighting was based on policies effective between April 1, 2016 and March 31, 2017.



Source: NCCI

## Attorney Representation

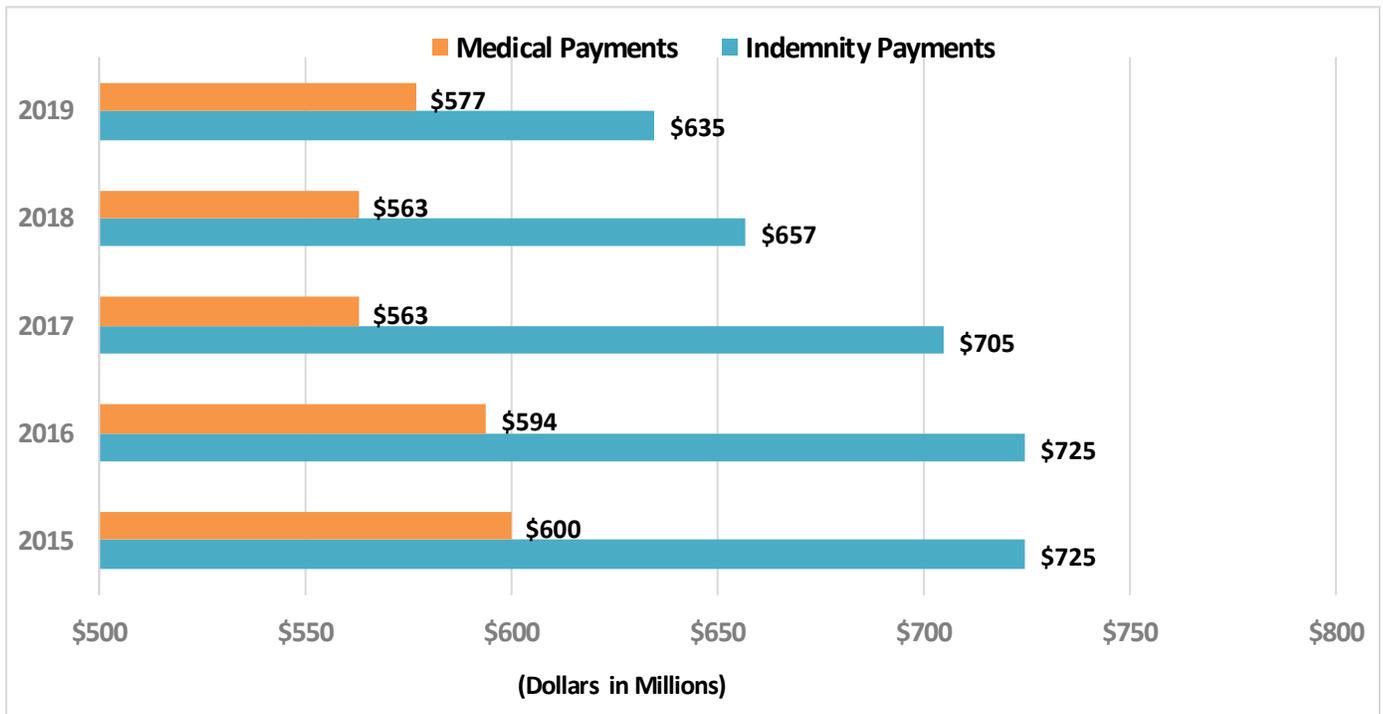
The percentage of injured workers filing claims at the Workers' Compensation Commission that are represented by an attorney and the total amount paid by injured workers for attorney representation is unavailable. This data cannot be collected, accurately calculated and analyzed for the overall market for the 2019 calendar year.

## Indemnity & Medical Payments

The total amount of indemnity payments made by workers' compensation insurers affiliated with NCCI was approximately \$635 million, and the amount of medical payments made was approximately \$577 million. The Illinois national rank based on average cost of medical claims per injured worker is unavailable.

The following graph is based on the NCCI Financial Call data as reported by carriers reporting to NCCI on policies effective in 2019 and prior, for transactions occurring through December 31, 2019.

The information excludes data for large deductible policies; self-insured companies; underground coal mine and federal classes; excess policies; maritime and FELA classes for policies effective January 1, 2003, and subsequent; National Defense Projects Rating Plan; and Reinsurance assumed from another carrier.



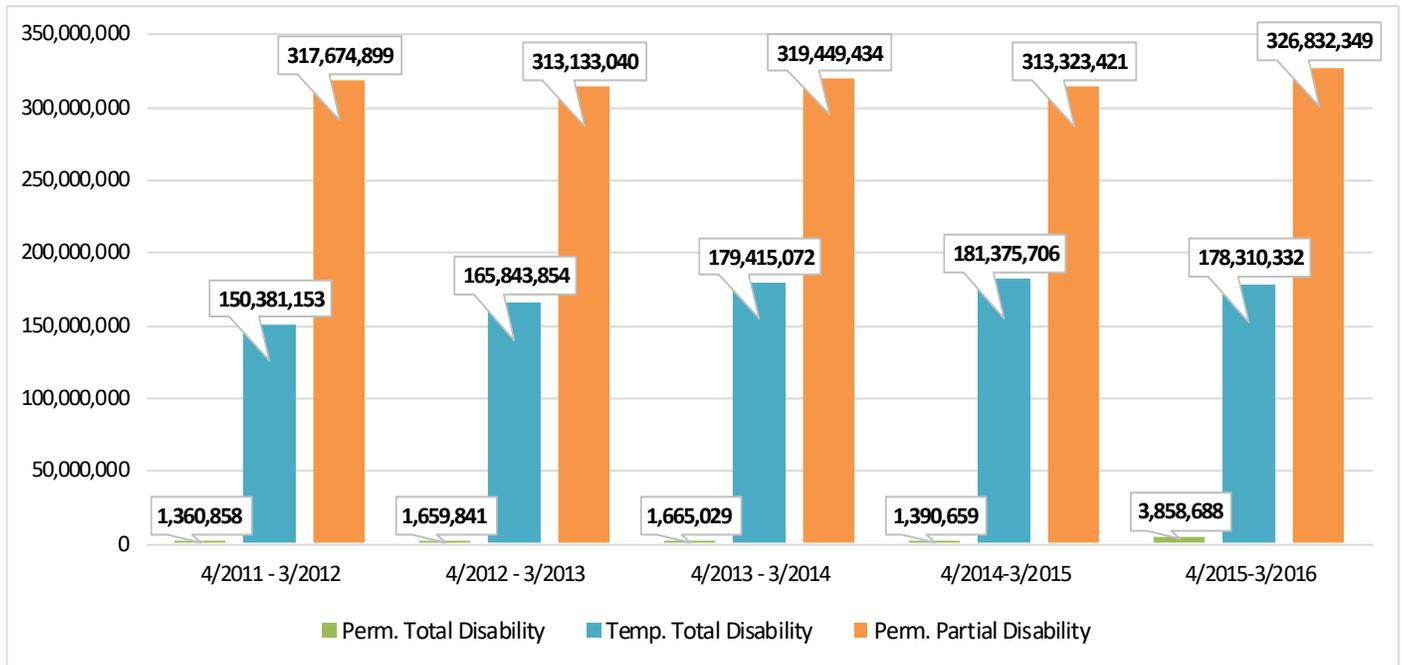
Source: NCCI

## Indemnity Payments by Type of Disability

The chart and graph below illustrate the amount of indemnity payments by type of disability. Payments are reported on a policy-year basis as of a 30-month maturity. For example, a total of \$509,001,369 was paid in indemnity benefits for all policies issued between April 1, 2015 and March 31, 2016, as of September 30, 2018.

	4/2011 - 3/2012	4/2012-3/2013	4/2013-3/2014	4/2014-3/2015	4/2015-3/2016
Perm. Total Disability	\$1,360,858	\$1,659,841	\$1,665,029	\$1,390,659	\$3,858,688
Temp. Total Disability	\$150,381,153	\$165,843,854	\$179,415,072	\$181,375,706	\$178,310,332
Perm. Partial Disability	\$317,674,899	\$313,133,040	\$319,449,434	\$313,323,421	\$326,832,349
<b>Totals:</b>	<b>\$469,416,910</b>	<b>\$480,636,735</b>	<b>\$500,529,535</b>	<b>\$496,089,786</b>	<b>\$509,001,369</b>

Source: Data provided by NCCI



Source: Data provided by NCCI

## Wage Loss Differential

The number of injured workers receiving wage loss differential awards and the average wage loss differential award payout are unavailable. Additionally, Illinois' rank nationally for maximum and minimum temporary total disability benefit level, maximum and minimum scheduled and non-scheduled permanent partial disability benefit level, maximum and minimum total disability benefit level, and the maximum and minimum death benefit level are unavailable.

## Medical Benefit Payout by Hospital and Non-Hospital Providers

The following distribution is based on Service Year 2014 to 2018 data from the NCCI Medical Data Call.

Distribution of Medical Payments in Illinois					
Service	Service Year 2014	Service Year 2015	Service Year 2016	Service Year 2017	Service Year 2018
Physician	47%	45%	45%	44%	46%
Hospital	29%	29%	29%	29%	28%
DME, Supplies, and Implants	7%	8%	8%	8%	8%
Ambulatory Surgical Centers	7%	8%	8%	9%	9%
Drugs	8%	8%	8%	8%	7%
Other	2%	2%	2%	2%	2%

Source: NCCI

## Aggregate Growth of Medical Utilization - Hospital and Non-Hospital

Hospital payments are those resulting from Hospital Outpatient, Hospital Inpatient, or Ambulatory Surgical Center Procedures. Non-Hospital payments are those resulting from procedures that are performed by a medical provider other than a hospital.

The charts on the following page are based on an analysis performed by NCCI on data received from the NCCI Medical Data Call for Illinois using claims with accident dates from January 1, 2018 through December 31, 2018, with the same service dates. NCCI aggregates the payments associated with each International Classification of Diseases (ICD) diagnosis codes for each claim. Any individual claim may contain multiple bills from various medical providers. Each of the medical providers may report up to two ICD diagnosis codes for each bill. The ICD code with the highest payments is then selected as the primary diagnosis code.

## Top Diagnosis Codes By Amount Paid - Illinois Hospital Accident Year 2018

Rank	Primary Diagnosis Code	Share of Hospital Payments	Average Paid Per Claim	Diagnosis Code Description
1	M54.5	1.8%	\$2,141	Low back pain
2	K40.90	1.6%	\$9,801	Unilateral inguinal hernia, without obstruction or gangrene, not specified as recurrent
3	M25.511	1.4%	\$3,633	Pain in right shoulder
4	S46.011A	1.3%	\$13,870	Strain of muscle(s) and tendon(s) of the rotator cuff of right shoulder, initial encounter
5	M25.512	1.1%	\$3,519	Pain in left shoulder
6	M75.121	1.0%	\$13,864	Complete rotator cuff tear or rupture of the right shoulder, not specified as traumatic
7	M54.2	0.9%	\$2,806	Cervicalgia
8	E86.1	0.9%	\$1,430,387	Hypovolemia
9	S09.90XA	0.9%	\$2,256	Unspecified injury of head, initial encounter
10	S06.6X9A	0.8%	\$147,883	Traumatic subarachnoid hemorrhage with loss of consciousness of unspecified duration, initial encounter

Source: NCCI

## Top Diagnosis Codes By Amount Paid - Illinois Non-Hospital Accident Year 2018

Rank	Primary Diagnosis Code	Share of Hospital Payments	Average Paid Per Claim	Diagnosis Code Description
1	M54.5	4.4%	\$2,724	Low back pain
2	M25.511	2.9%	\$4,619	Pain in right shoulder
3	M25.512	2.6%	\$4,813	Pain in left shoulder
4	M54.2	1.7%	\$3,376	Cervicalgia
5	M25.562	1.6%	\$3,519	Pain in left knee
6	M25.561	1.6%	\$3,144	Pain in right knee
7	S46.011A	1.5%	\$14,061	Strain of muscle(s) and tendon(s) of the rotator cuff of the right shoulder, initial encounter
8	M54.16	1.4%	\$5,224	Radiculopathy, lumbar region
9	M75.121	1.3%	\$15,758	Complete rotator cuff tear or rupture of the right shoulder, not specified as traumatic
10	M75.41	1.1%	\$10,077	Impingement syndrome of right shoulder

Source: NCCI



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